



State of Utah

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DEPARTMENT OF HUMAN SERVICES

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MEMORANDUM

TO: Social Services Appropriations Committee Co-Chairs
FROM: Ann S. Williamson, Executive Director
DATE: January 9, 2015
RE: **Base Budget Reduction Implications**

Proposing a base budget for FY 2016 that reflects a two (2) percent State General Fund cut equals \$6.1 million which leverage \$4 million federal dollars; therefore, the total is \$10.1 million.

The 2014 comprehensive Legislative Audit cited the increased number of recipients served throughout the Department of Human Services, DHS, over recent years without a corresponding increase in costs. The audit revealed that administrative expenditures for DHS in FY 14 remain less than the same administrative expenses in FY 09 – evidencing that even as DHS's reach of service grows, the infrastructure costs have not.

The Department will continue to scrutinize spending, evaluate outcomes and seek better results for taxpayer return on investment. Consequently, we are making changes that are more cost efficient and better for those we serve.

- Delivering a system of care vs. fragmented programs
- Focusing on prevention and early intervention vs. expensive deep-end response
- Increasing in-home supports rather than separate families to receive treatment

These are investments with increasing value that also reduce costs over time. The Department's priorities are focused on ending multi-generational engagement with government. We will realize savings by –

- ✓ Reducing reliance on high cost, long term stays in out-of-home congregate care
- ✓ Increasing in-home care and local wrap around support for families
- ✓ Increasing the speed and security of permanence for youth in custody
- ✓ Using performance-based accountability in contracts with payment for results

However, to exact a 2% general fund reduction immediately in FY16 requires more straight line tactics with consequences that mitigate what we are working toward for sustainable gains and long term benefits. The proposals herein negatively impact Utahns in three critical areas of life and community well-being:

1. Division of Substance Abuse and Mental Health/Utah State Hospital - (2,858,000 GF)

Reducing the capacity of the Utah State Hospital (USH) by closing a 30-bed adult civil commitment unit will result in approximately 50 less people receiving the mental health treatment and care during FY 2016, while at the same time demand for these beds are increasing with population growth in addition to the closure of 30 adult civil beds in FY 2012. USH is operating at full capacity.

The extra demands for beds at USH clog the system, drive up inpatient lengths of stay in acute care psychiatric hospitals and drives up the time people spend in the ER looking for appropriate psychiatric care (both inpatient and outpatient). This may also inadvertently result in more people with mental health problems ending up in the criminal justice system as a result of their untreated conditions. There is currently pent up demand in the system for these resources and a 2% budget cut will further strain an already underfunded system of care for people with mental illness.

Throughout the state, there are inadequate ongoing appropriations for mental health and substance abuse services for both the uninsured/underinsured individuals and individuals with Medicaid coverage. The pent up demand in the system, along with over ten million dollars in one-time appropriations, makes a 2% reduction scenario devastating to an already underfunded system.

2. Division of Services for People with Disabilities - (\$1,627,100 GF)

A reduction of this magnitude requires severe reduction to the Community Supports Waiver in addition to staffing levels. 110 individuals would receive less waiver services. Since waiver qualified individuals cannot be removed from the waiver, DSPD will have to manage this through attrition which will take approximately 13 months. This reduction in services will result in an increased number of individuals waiting to receive services and may cause some of those individuals to seek care through more costly Intermediate Care Facilities (ICF's). DSPD also runs the risk of not complying with the American with Disabilities Act 'Olmstead' Supreme Court decision by not bringing individuals into the least restrictive setting available through the waiver programs.

Following significant staff reductions within the previous 5 years and privatized support care coordinators, staff reductions required by this cut would impact 21 positions between administration and the Utah State Developmental Center. The consequence will be evident in the length of time it will take to bring citizens into services. Legislative audit recommendations for accountability, oversight and consistent implementation of practices are hampered without a modest level of infrastructure.

3. Division of Child and Family Services - (\$1,627,100 GF)

A \$1.56 million cut to the state's child welfare system will require a reduction in 26 personnel.

Less staff members on hand means larger caseloads and- in the healthier Utah job market- decreased employee retention rates. Higher caseloads and a new workforce also result in less time spent with families supporting the very practices of change we need to keep children and families safely together. The consequence is more costly and less beneficial when children enter state's custody.

A \$67,100 reduction in SAFE – the child welfare computer system that supports casework - programming consultants represents roughly one (1) FTE. This reduction will lengthen the time it takes to program efficiencies and improvements, which will result in delays in implementation for federal and state child welfare database standards. If these delays are long term, they may result in loss of federal funds or penalties.